



SUSAN E. KELSEY
EXECUTIVE VICE PRESIDENT AND
SENIOR DEPUTY GENERAL COUNSEL

5220 LAS VIRGENES ROAD, AC-11
CALABASAS, CALIFORNIA 91302-1993
(818) 871-5230
(818) 871-4000 EXT 5230
(818) 871-4602 FAX
SUSAN_KELSEY@COUNTRYWIDE.COM

January 29, 2004

VIA ELECTRONIC MAIL / FAX TO FOLLOW

Ms. Jennifer L. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th St. and Constitution Avenue, N.W.
Washington , DC 20551

RE: Comment for:
Docket No. R – 1167 (Reg Z)
Docket No. R – 1168 (Reg B)

Dear Ms. Johnson:

Countrywide Home Loans, Inc., together with its affiliates (collectively, “Countrywide”), appreciates the opportunity to comment upon the Federal Reserve Board’s publication of proposed rules intended to clarify standards for “clear and conspicuous” disclosures required under Regulation B (Equal Credit Opportunity) and Reg Z (Truth in Lending).

Although Countrywide feels that simplicity and clarity in disclosures relating to mortgage lending benefits consumers and the lending industry, we respectfully submit that these proposals do not provide standards that are any more clear or objective than those which now exist. Due to the heightened regulatory uncertainty and litigation risk that we feel these proposals would bring if enacted in their present forms, we urge the Board in the strongest possible terms to withdraw them.

Specifically, and by way of example, we note that the proposals require disclosures to be “reasonably understandable,” which in turn requires them to be presented using “short sentences” comprised of “concrete” and “everyday” words. These terms are themselves very subjective and are no clearer or more precise than the terms of the regulations as they now exist. The very subject matters of the required disclosures are complex and intricate (e.g., “Annual Percentage Rate,” “Finance Charge,” “Amount Financed” and the like), and such terms cannot be explained without utilizing the very “technical business and legal terminology” which the proposal instructs us to avoid. Therefore, by complying with the proposals as presented, we would put ourselves at risk of regulatory sanctions and litigation exposure.

Ms. Jennifer L. Johnson

February 4, 2004

Page 2

Further, as pointed out in the response from the Financial Services Roundtable, Regulation P is not an appropriate model for standards applicable to the regulations which govern our industry. Regulation P requires a uniform, stand-alone disclosure of privacy policies that does not vary, and is not transaction specific. Disclosures required under Regulations B and Z, on the other hand, vary considerably according to the type of transactions involved. What might be considered "clear and conspicuous" in a privacy disclosure may not be "clear and conspicuous" in the context of applications, mortgages, periodic statements, closing statements, initial disclosures, and all the other myriad forms and documents required for a residential mortgage transaction. The proposal does not take these variations into account, nor does it provide the flexibility to address the disclosures required in our industry.

Finally, the proposed change would require financial institutions to examine and redraft all documents and electronic sites which include disclosures. This would create significant costs and innumerable systems issues with associated delays. None of this considerable effort and expense would create any comparable benefit or additional protection to consumers.

In short, we submit that the proposed rules would create more ambiguity than they would resolve, and increase our costs of providing services and our vulnerability to regulatory and judicial challenge. We therefore respectfully request that the proposals be withdrawn. We join with and adopt the commentaries being submitted to you separately by the Mortgage Bankers Association, AFSA and The Financial Services Roundtable.

Thank you for the opportunity to comment upon these proposals.

Sincerely,

Susan E. Kelsey
Executive Vice President and
Senior Deputy General Counsel